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INFO RUEHAC/AMEMBASSY ASUNCION 3854
RUEHBO/AMEMBASSY BOGOTA 2334
RUEHBU/AMEMBASSY BUENOS AIRES 1354
RUEHBR/AMEMBASSY BRASILIA 0761
RUEHCV/AMEMBASSY CARACAS 1992
RUEHPE/AMEMBASSY LIMA 6053
RUEHMN/AMEMBASSY MONTEVIDEO 4296
RUEHQT/AMEMBASSY QUITO 2232
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
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SUBJECT: CHILE MEDIA REPORT - MARCH 13

Leading Stories

1. Late morning on-line dailies report that La Moneda confirmed Vice President Joe Biden's participation at the Progressive Governance Summit, March 27-28 in Chile. Dailies also ran extensive coverage on Foreign Minister Alejandro Foxley's departure and the subsequent cabinet shuffle. Dailies also report that the Central Bank lowered the interest rate to 2.25%.

U.S.-Related News

2. After the seizure of a large illegal cargo of ephedrine at Santiago international airport, the head of the Drug Enforcement Agency (DEA) in Chile, David Horan, noted that investigations during the past year in Peru, Paraguay, Uruguay, and Argentina have revealed that Mexican drug cartels are operating in the southern cone. He labeled this "alarming," and recalled that the murder of three businessmen last year in Argentina was in connection to the sale of ephedrine and these cartels. "The clear message is that Mexican drug cartels have an international scope and that their members travel throughout the world looking and buying the chemicals needed for the illegal production of methamphetamines," said Horan. The 100 kilos of ephedrine seized at the airport were on their way to Mexico for the production of synthetic drugs for the U.S. market (La Tercera, conservative, independent (circ. 101,000, 3/13)).

3. In an informative session at the Inter-American Dialogue in Washington, White House advisor for the Summit of the Americas Jeffrey Davidow said that President Obama would not arrive to the summit "as Santa Clause, with a gift for every country." His remarks were in answer to OAS Secretary General Jose Miguel Insulza's warning that Latin America countries were expecting more than "just a handshake and a photograph" with President Obama. Assistant Secretary Thomas Shannon, who was also at the informative session, said Washington's proposal is to assist in the development of proposals for the region, "through a dialogue among equals." Shannon said that the U.S. administration's goal is to promote an agenda based on social justice, equity, the fight against poverty and climate change (Government-owned, editorially independent, La Nacion, circ. 4,200, 3/13).

4. Editorials: "It was absurd to expect Obama to undue an economic crisis such as today's in just 60 days, because the administration's plans need time to show results. Upcoming announcements... could help improve expectations, but the delay is fulfilling these expectations and is already playing against him.... For now it's

clear that the U.S. President has been unable to earn the trust of a key sector: the market (La Segunda, conservative, afternoon daily, 3/12).

Cabinet Changes

¶5. Alejandro Foxley resigned as Foreign Affairs Foreign Minister and will be replaced by current Ambassador to the United States Mariano Fernandez. Defense Minister Jose Goni was named Ambassador to the U.S. and government spokesman Francisco Vidal will take over as Minister of Defense. Congresswoman Carolina Toha will replace Vidal as spokesperson (All dailies, 3/13).

¶6. Bachelet named Jose Goni Ambassador to the United States. However, it is odd that she did not wait for the U.S. agreement. On his new office, Goni said, "Representing Chile today in the United States is of special importance, because of the Obama presidency. We are in a historic moment and amidst an international crisis in which Obama is looking to implement new leadership not just in his country, but also worldwide" (El Mercurio, conservative, influential newspaper-of-record (circ. 129,000, 3/13).

¶7. Polls showed that Minister Foxley was the government official best evaluated by public opinion. Opposition representatives are not happy with Francisco Vidal's appointment to Defense given the "confrontational" style that characterized him as spokesman (El Mercurio, 3/13).

¶8. Column by the dean of the journalism school of Universidad Adolfo Ibaez, Ascanio Cavallo: "Foxley's resignation is the culmination of a series of disagreements with the Executive over the handling of foreign affairs, which gradually moved the subject for which Foxley is responsible to the President's inner most circle of advisors... turning foreign policy into an agenda of trips abroad, many of which were the result of personal inclinations" (La Tercera, 3/13).

¶9. In the opposition there is the perception that Bachelet "settled accounts" with Foxley over the persistent differences the two had regarding foreign relations, in which the President's trip to Cuba was crucial. UDI Juan Antonio Coloma said it is a mistake for Foxley to leave office just a week before Peru is due to file its border claim against Chile with the International Court of The Hague (La Tercera, 3/13).

SIMONS